

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 AGRE-00 L-03
IGA-02 STR-04 SSO-00 INRE-00 NSCE-00 USIE-00
NSC-05 SS-15 DODE-00 /077 W
-----116423 191617Z /47

O R 191500Z JUL 77
FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC IMMEDIATE 4944
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY KINGSTON
AMEMBASSY PARAMARIBO
AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 1570

E.O. 11652: GDS
TAGS: EAID, EAGIGN, JM, GY
SUBJECT: PROPOSED PL 480 RICE SALE TO JAMAICA

REF: STATE 162044 (NOTAL)

SUMMARY: TRANSMITTAL OF NEWS TO GOG OF USG PROPOSAL TO
SELL JAMAICA 6,000 TONS OF RICE COINCIDED WITH NEW THAT
JAMAICA IS SLASHING ITS PURCHASES OF RICE FROM GUYANA
TO 602 TONS IN JULY AND 402 TONS IN AUGUST. GUYANESE OFFICIALS
ARE EXTREMELY CONCERNED AND ATTRIBUTE THE CUT IN JAMAICAN
PURCHASE TO THE USG PROPOSAL. CHARGE'S STATEMENTS THAT
US UNDERSTANDS JAMAICA WOULD FULFILL USUAL MARKETING
REQUIREMENTS HAS NOT EASED CONCERNS AROUSED BY
JAMAICAN DECISION TO CUT PURCHASES FROM GUYANA. FOR
GUYANA, THIS IS ANOTHER SETBACK FOR ITS DETERIORATING
ECONOMY. THEY HAVE INQUIRED WHETHER THE USG COULD NOT
FIND SOME OTHER WAY TO ASSIST JAMAICA, PERHAPS
BY PROVIDING WHEAT, SOYA, MAIZE OR A LOAN FOR USE IN PUR-
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CHASING RICE FROM TRADITIONAL SUPPLIERS. END SUMMARY.

1. A FEW HOURS BEFORE CHARGE ADVISED GOG AGRICULTURE
MINISTER GAVIN KENNARD AND FONMIN WILLS ON JULY 14 OF
US PROPOSAL TO SELL RICE TO JAMAICA, THE JAMAICA
NUTRITION HOLDINGS LTD--A STATE ORGANIZATION--HAD
INFORMED GOG THAT GUYANA SHOULD REDUCE ITS SHIPMENTS

WHICH HAD RANGED BETWEEN 3,000 TO 4,000 TONS PER MONTH FROM JANUARY THROUGH JUNE. THE NEW LEVELS WERE 602 TONS FOR JULY AND 408 TONS IN AUGUST AND WHILE PRECISE AMOUNTS FOR SUBSEQUENT MONTHS WERE NOT SPECIFIED, MESSAGE WAS THAT PURCHASES WOULD FOLLOW THE REDUCED LEVEL. THEY ASSERTED THAT GIVEN THE PRESENT STATE OF GUYANA'S ECONOMY, THIS WOULD BE DISASTROUS.

2. CHARGE HELD MEETINGS WITH KENNARD ON JULY 15 AND WITH WILLS JULY 18 TO EXPLAIN OUR UNDERSTANDING THAT JAMAICA IS TO FULFILL ITS USUAL MARKETING REQUIREMENTS OF 36,000 TONS FROM TRADITIONAL SUPPLIER. ACCORDING TO BOTH OFFICIALS, BURNHAM IS AGITATED OVER THIS DEVELOPMENT. CHARGE TOLD THEM HE WOULD SEEK ADDITIONAL INFORMATION FROM DEPARTMENT, AND ASSURED THEM THAT USG INTENTION WAS NOT TO DAMAGE GUYANA'S ECONOMY.

3. BACKGROUND ON JAMAICAN RICE PURCHASES FROM GUYANA PROVIDED BY KENNARD WAS THAT PURCHASES HAD BEEN 36,668 TONS IN 1975 AND 28,678 IN 1976. TOTAL JAMAICAN DEMAND FROM GUYANA HAD BEEN 40,000 TONS IN BOTH YEARS, BUT SHIPPING DIFFICULTIES IN 1975 AND THE SMALL HARVEST DUE TO BAD WEATHER HAD REDUCED THE 1976 SHIPMENT. BUT THIS YEAR THE GOOD SPRING CROP HAD ENABLED GUYANA TO FILL ALL ORDERS.
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4. ACCORDING TO KENNARD, THE GUYANA RICE BOARD HAD ENCOURAGED SUBSTANTIAL INVESTMENT IN RESEARCH, STORAGE AND DRYING CENTERS, MODERN MILLS, PACKAGING EQUIPMENT AND OTHER FACILITIES DESIGNED ESPECIALLY TO SERVE THE JAMAICAN MARKET. THE GOG HAD RECEIVED SUBSTANTIAL LOAN ASSISTANCE FROM THE US TO HELP IN DOING THESE THINGS AND WOULD HAVE TO REPAY THE LOANS. TO ILLUSTRATE THE PROBLEM KENNARD POINTED OUT THAT THE RICE BOARD HAS IN STOCK 4 MILLION GUYANESE DOLLARS WORTH OF POLYETHYLENE PACKAGING MATERIAL PRINTED WITH JAMAICAN BRAND NAMES WHICH IT MAY HAVE TO WRITE OFF. IN CONTRAST TO THE FAVORABLE CARICOM PRICE THEY RECEIVE FROM JAMAICA, THE OPEN MARKET PRICE IS LOW DUE AN OVERSUPPLY OF RICE. MOREOVER, AS A NEW AND UNKNOWN SUPPLIER, GUYANA WOULD BE AT A DISADVANTAGE AND INEVITABLY SUFFER SERIOUS LOSSES.

5. KENNARD AND WILLS SAID THEY RECOGNIZED AND ACCEPTED THE US INTENT TO BE HELPFUL TO JAMAICA. KENNARD ASKED WHETHER IT WOULD NOT BE POSSIBLE FOR THE US TO PROVIDE WHEAT, MAIZE OR SOYA AND LEAVE THE RICE MARKET TO BE SUPPLIED BY JAMAICA'S TRADITIONAL SUPPLIER

AND CARICOM TRADING PARTNER, I.E., GUYANA. ALTERNATIVELY, HE SUGGESTED THAT THE US LOAN JAMAICA MONEY TO FINANCE RICE IMPORTS. THIS WOULD ALSO HELP GUYANA SURVIVE ITS PRESENT FOREIGN EXCHANGE CRISIS. THE CHARGE TOLD KENNARD THAT THE LATTER PROCEDURE PROBABLY WOULD BE IMPOSSIBLE.

6. COMMENT: THE INTERRELATEDNESS OF ECONOMIC DEVELOPMENTS WITHIN THE CARICOM AREA IS HIGHLIGHTED BY THIS SITUATION. IT IS DIFFICULT TO PROVIDE LARGE-SCALE ASSISTANCE TO ONE AILING ECONOMY IN THE AREA WITHOUT CONCURRENTLY CONSIDERING AND TAKING MEASURES TO PREVENT ADVERSE EFFECTS IN OTHERS. THE GUYANESE HAVE A SYMPATHETIC ATTITUDE TOWARD JAMAICA'S PROBLEMS, BUT THEY BELIEVE THAT THEIR OWN SHORT-TERM

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ECONOMIC CRISIS IS EQUALLY GRAVE. THEY ASSERT THAT THEY HAVE MANAGED THEIR SITUATION WITH GREATER DISCIPLINE, SO THAT THE OVERT SIGNS OF TROUBLE ARE NOT AS VISIBLE. GIVEN BURNHAM'S SUSPICIOUS NATURE, HE WILL TEND TO BLAME THE USG, PRIVATELY IF NOT PUBLICLY, FOR THE ADVERSE IMPACT ON GUYANA OF JAMAICA'S DECISION TO SHARPLY REDUCE RICE SHIPMENTS. AS THE EMBASSY'S REPORTING HAS INDICATED, THE ECONOMY CONTINUES TO DETERIORATE INDEPENDENTLY OF THIS NEW DEVELOPMENT.

7. ACTION REQUESTED: PLEASE PROVIDE QUICKLY RELEVANT INFORMATION CONCERNING THE PROPOSED SALE OF RICE TO JAMAICA WHICH WOULD ENABLE US TO MAKE EXPLANATIONS TO THE GUYANESE. EVEN IF OUR RESPONSE CANNOT BE POSITIVE, IT WILL BE TO OUR ADVANTAGE TO RESPOND QUICKLY AND FORTHRIGHTLY. DELAY OR EVASIVE ANSWERS TEND TO DECREASE USG CREDIBILITY.

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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Drafter: n/a
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Executive Order: GS
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